

**ANNUAL STATEMENT**

**OF THE**

**DELTA DENTAL**

**OF RHODE ISLAND**

**of PROVIDENCE**

**in the state of RHODE ISLAND**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF RHODE ISLAND**

**FOR THE YEAR ENDED  
December 31, 2005**

**HEALTH**

**2005**



55301200520100100

ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2005  
OF THE CONDITION AND AFFAIRS OF THE  
DELTA DENTAL OF RHODE ISLAND

NAIC Group Code

1571

(Current Period)

1571

(Prior Period)

NAIC Company Code

55301

Employer's ID Number

05-0296998

Organized under the Laws of

RHODE ISLAND

, State of Domicile or Port of Entry

RHODE ISLAND

Country of Domicile

UNITED STATES OF AMERICA

Licensed as business type:

Life, Accident & Health

[ ]

Property/Casualty

[ ]

Hospital, Medical & Dental Service or Indemnity

[ ]

Dental Service Corporation

[X]

Vision Service Corporation

[ ]

Health Maintenance Organization

[ ]

Other

[ ]

Is HMO Federally Qualified?

YES

[ ]

NO

[ ]

Incorporated/Organized:

October 22, 1959

Commenced Business:

April 1, 1966

Statutory Home Office:

10 CHARLES STREET

PROVIDENCE, RI

02904

Main Administrative Office:

10 CHARLES STREET

PROVIDENCE, RI

02904

401-752-6000

Mail Address:

10 CHARLES STREET

PROVIDENCE, RI

02904

Primary Location of Books and Records:

10 CHARLES STREET

PROVIDENCE, RI

02904

401-752-6000

Internet Website Address:

www.deltadentalri.com

Statutory Statement Contact:

GEORGE J. BEDARD

401-752-6000

gbedard@deltadentalri.com

401-752-6070

Policyowner Relations Contact:

401-752-6000

OFFICERS

	Name	Title
1.	JOSEPH A. NAGLE	PRESIDENT
2.	KATHRYN M. SHANLEY	SECRETARY
3.	RICHARD A. FRITZ	TREASURER

Vice-Presidents

Name	Title	Name	Title
GREGORY L. DUBUC	VP. - UNDERWRITING	RICHARD A. FRITZ	VP. - FINANCE
KATHRYN M. SHANLEY	VP. - EXTERNAL AFFAIRS	ANGELO PEZZULLO #	VP. - SALES
STEPHEN J. SPERANDIO	VP. - OPERATIONS/ADMINISTRATION		

DIRECTORS OR TRUSTEES

EDWARD ALMON	MARIA M. ASCIOLLA, DMD	PHILLIP C. BARNER, DDS	A. THOMAS CORREIA, DDS
VINCENT DELNERO	DAVID A. DUFFY	PAULA HURD	DONALD IANNAZZI #
PAUL A. MACDONALD	WILLIAM A. MEKRUT #	SANDRA PARRILLO #	STEPHEN J. PUERINI, DMD
EDWIN J. SANTOS #	KARL SHERRY	PATRICIA A. SULLIVAN	LEONARD C. TADDEI, DMD

State of . RHODE ISLAND .  
County of . PROVIDENCE . ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
JOSEPH A. NAGLE	KATHRYN M. SHANLEY	RICHARD A. FRITZ
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
PRESIDENT	SECRETARY	TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me this

27th

day of

FEBRUARY

, 2006

a. Is this an original filing?

YES [X] NO [ ]

b. If no:

1. State the amendment number

2. Date filed

3. Number of pages attached

PATRICIA A. CERBO - Notary  
My commission expires 8/2/09.

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	33,511,257		33,511,257	37,338,776
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	4,747,688		4,747,688	4,055,743
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 8,635,073 , Schedule E-Part 1), cash equivalents (\$ 199,066 Schedule E-Part 2) and short-term investments (\$ 0 , Schedule DA)	8,834,139		8,834,139	1,727,522
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	47,093,084		47,093,084	43,122,041
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	424,289		424,289	500,482
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	4,961,967		4,961,967	4,071,986
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	776,019	56,312	719,707	545,819
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	377,886	152,006	225,880	307,373
19. Furniture and equipment, including health care delivery assets (\$ 0 )	287,763	287,763		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	4,493,266	4,438,392	54,874	34,854
22. Health care (\$ 0 ) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	703,208	699,838	3,370	3,179
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	59,117,482	5,634,311	53,483,171	48,585,734
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	59,117,482	5,634,311	53,483,171	48,585,734

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. OTHER AR & UTILITY DEPOSIT	3,370		3,370	3,179
2302. PREPAID EXPENSES	699,838	699,838		
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	703,208	699,838	3,370	3,179

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	4,480,616		4,480,616	4,019,261
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	228,241		228,241	205,768
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	1,162,331		1,162,331	1,960,206
9. General expenses due or accrued	3,731,926		3,731,926	3,502,581
10.1Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized capital gains (losses))				
10.2Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittance and items not allocated				
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates	2,271,679		2,271,679	1,886,119
16. Payable for securities				
17. Funds held under reinsurance treaties with (\$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)				
18. Reinsurance in unauthorized companies				
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Liability for amounts held under uninsured accident and health plans				
21. Aggregate write-ins for other liabilities (including \$ 0 current)	466,505		466,505	352,655
22. Total liabilities (Lines 1 to 21)	12,341,298		12,341,298	11,926,590
23. Aggregate write-ins for special surplus funds	X X X	X X X		
24. Common capital stock	X X X	X X X		
25. Preferred capital stock	X X X	X X X		
26. Gross paid in and contributed surplus	X X X	X X X		
27. Surplus notes	X X X	X X X		
28. Aggregate write-ins for other than special surplus funds	X X X	X X X	8,475,361	8,538,887
29. Unassigned funds (surplus)	X X X	X X X	32,666,512	28,120,257
30. Less treasury stock, at cost:				
30.1 0 shares common (value included in Line 24 \$ 0 )	X X X	X X X		
30.2 0 shares preferred (value included in Line 25 \$ 0 )	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	41,141,873	36,659,144
32. Total liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	53,483,171	48,585,734

DETAILS OF WRITE-INS				
2101. ADVANCE DEPOSITS	466,505		466,505	352,655
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page				
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	466,505		466,505	352,655
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801. STRATEGIC INVESTMENT RESERVE	X X X	X X X	8,475,361	8,538,887
2802.	X X X	X X X		
2803.	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X	8,475,361	8,538,887

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1	2	3
	Uncovered	Total	Total
1. Member Months	X X X	3,852,307	3,681,670
2. Net premium income (including \$ 0 non-health premium income)	X X X	96,630,306	88,889,454
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	96,630,306	88,889,454
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits			
10. Other professional services		80,342,145	75,891,474
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs			
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments, and bonus amounts			
16. Subtotal (Lines 9 to 15)		80,342,145	75,891,474
<b>Less:</b>			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		80,342,145	75,891,474
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 664,432 cost containment expenses		4,463,381	4,093,433
21. General administrative expenses		7,026,986	5,963,549
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		91,832,512	85,948,456
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	4,797,794	2,940,998
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,732,937	1,760,200
26. Net realized capital gains (losses) less capital gains tax of \$ 0		(19,546)	
27. Net investment gains (losses) (Lines 25 plus 26)		1,713,391	1,760,200
28. Net gain or (loss) from agents' or premium balances charged off [( amount recovered \$ 0 ) (amount charged off \$ 0 )]			
29. Aggregate write-ins for other income or expenses		(1,500,000)	
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	5,011,185	4,701,198
31. Federal and foreign income taxes incurred	X X X	8,600	
32. Net income (loss) (Lines 30 minus 31)	X X X	5,002,585	4,701,198

DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. ESTABLISHMENT OF DELTA DENTAL OF RI FUND		(1,500,000)	
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		(1,500,000)	

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	36,659,144	32,601,556
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32	5,002,585	4,701,198
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	(289,659)	(507,449)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(230,197)	(136,161)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	4,482,729	4,057,588
49. Capital and surplus end of reporting year (Line 33 plus 48)	41,141,873	36,659,144

DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW		
Cash from Operations		
	1	2
	Current Year	Prior Year
1. Premiums collected net of reinsurance	94,942,450	89,515,323
2. Net investment income	1,963,740	1,997,139
3. Miscellaneous income		
4. Total (Lines 1 through 3)	96,906,190	91,512,462
5. Benefit and loss related payments	79,880,790	75,668,589
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	12,921,037	9,557,459
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)		
10. Total (Lines 5 through 9)	92,801,827	85,226,048
11. Net cash from operations (Line 4 minus Line 10)	4,104,363	6,286,414
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	11,734,745	8,433,000
12.2 Stocks	140,281	
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	11,875,026	8,433,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds	8,112,222	9,633,700
13.2 Stocks	1,132,913	378,207
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	9,245,135	10,011,907
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	2,629,891	(1,578,907)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	372,363	416,135
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	372,363	416,135
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	7,106,617	5,123,642
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,727,522	(3,396,120)
19.2 End of year (Line 18 plus Line 19.1)	8,834,139	1,727,522

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.		
20.0002.		
20.0003.		

## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

[illegible][illegible]



UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				
2. Medicare Supplement				
3. Dental only	96,630,306			96,630,306
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Stop loss				
9. Disability income				
10. Long-term care				
11. Other health				
12. Health subtotal (Lines 1 through 11)	96,630,306			96,630,306
13. Life				
14. Property / casualty				
15. Totals (Lines 12 to 14)	96,630,306			96,630,306

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	79,880,790			79,880,790									
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net	79,880,790			79,880,790									
2. Paid medical incentive pools and bonuses													
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	4,480,616			4,480,616									
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net	4,480,616			4,480,616									
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct													
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net													
5. Accrued medical incentive pools and bonuses, current year													
6. Net healthcare receivables (a)													
7. Amounts recoverable from reinsurers December 31, current year													
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	4,019,261			4,019,261									
8.2 Reinsurance assumed													
8.3 Reinsurance ceded													
8.4 Net	4,019,261			4,019,261									
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct													
9.2 Reinsurance assumed													
9.3 Reinsurance ceded													
9.4 Net													
10. Accrued medical incentive pools and bonuses, prior year													
11. Amounts recoverable from reinsurers December 31, prior year													
12. Incurred benefits:													
12.1 Direct	80,342,145			80,342,145									
12.2 Reinsurance assumed													
12.3 Reinsurance ceded													
12.4 Net	80,342,145			80,342,145									
13. Incurred medical incentive pools and bonuses													

(a) Excludes \$ 0 loans or advances to providers not yet expensed

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct													
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net													
2. Incurred but Unreported:													
2.1 Direct	4,480,616			4,480,616									
2.2 Reinsurance assumed													
2.3 Reinsurance ceded													
2.4 Net	4,480,616			4,480,616									
3. Amount Withheld from Paid Claims and Capitations:													
3.1 Direct													
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net													
4. TOTALS:													
4.1 Direct	4,480,616			4,480,616									
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net	4,480,616			4,480,616									

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental Only	3,484,008	76,396,782	56,292	4,424,324	3,540,300	4,019,261
4. Vision Only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	3,484,008	76,396,782	56,292	4,424,324	3,540,300	4,019,261
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	3,484,008	76,396,782	56,292	4,424,324	3,540,300	4,019,261

(a) Excludes \$ 0 loans or advances to providers not yet expensed.



## UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS**  
**(000 Omitted)**

## Medicare Supplement

## Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X			
5. 2004	X X X	X X X	X X X		
6. 2005	X X X	X X X	X X X	X X X	

## Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X			
5. 2004	X X X	X X X	X X X		
6. 2005	X X X	X X X	X X X	X X X	

### Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS

(000 Omitted)

Dental Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	3,086	28	1		
2. 2001	56,587	3,366	17	2	1
3. 2002	X X X	64,169	3,224	13	2
4. 2003	X X X	X X X	69,379	3,368	19
5. 2004	X X X	X X X	X X X	72,286	3,462
6. 2005	X X X	X X X	X X X	X X X	76,397

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	3,104	28	1		
2. 2001	60,403	3,444	17	2	1
3. 2002	X X X	68,164	3,253	13	2
4. 2003	X X X	X X X	73,147	3,428	19
5. 2004	X X X	X X X	X X X	76,245	3,518
6. 2005	X X X	X X X	X X X	X X X	80,822

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3 / 2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5 / 1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9 / 1) Percent
1. 2001	70,278	59,973			59,973	85.337			59,973	85.337
2. 2002	78,181	67,408			67,408	86.220			67,408	86.220
3. 2003	85,133	72,766			72,766	85.473			72,766	85.473
4. 2004	88,889	75,748	206	0.272	75,954	85.448	56	3	76,013	85.515
5. 2005	96,959	76,397			76,397	78.793	4,425	225	81,047	83.589

## PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS

**(000 Omitted)**

## Vision Only

### Section A - Paid Health Claims:

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior						
2. 2001						
3. 2002		X X X				
4. 2003		X X X	X X X			
5. 2004		X X X	X X X	X X X		
6. 2005		X X X	X X X	X X X	X X X	

## Section B - Incurred Health Claim

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X			
5. 2004	X X X	X X X	X X X		
6. 2005	X X X	X X X	X X X	X X X	

## Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

[illegible]



## UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS**  
**(000 Omitted)**

## Federal Employees Health Benefits Plan

## Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X			
5. 2004	X X X	X X X	X X X		
6. 2005	X X X	X X X	X X X	X X X	

## Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X			
5. 2004	X X X	X X X	X X X		
6. 2005	X X X	X X X	X X X	X X X	

### Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

[illegible]

## UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS**  
**(000 Omitted)**

## Title XVIII - Medicare

## Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X			
5. 2004	X X X	X X X	X X X		
6. 2005	X X X	X X X	X X X	X X X	

## Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X			
5. 2004	X X X	X X X	X X X		
6. 2005	X X X	X X X	X X X	X X X	

### Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

[illegible]

**PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS**  
**(000 Omitted)**

## Title XIX - Medicaid

## Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X			
5. 2004	X X X	X X X	X X X		
6. 2005	X X X	X X X	X X X	X X X	

## Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X			
5. 2004	X X X	X X X	X X X		
6. 2005	X X X	X X X	X X X	X X X	

### Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

[illegible]

## UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS**  
**(000 Omitted)**

## Other

## Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X			
5. 2004	X X X	X X X	X X X		
6. 2005	X X X	X X X	X X X	X X X	

### Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X			
5. 2004	X X X	X X X	X X X		
6. 2005	X X X	X X X	X X X	X X X	

### Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS

(000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	3,086	28	1		
2. 2001	56,587	3,366	17	2	1
3. 2002	X X X	64,169	3,224	13	2
4. 2003	X X X	X X X	69,379	3,368	19
5. 2004	X X X	X X X	X X X	72,286	3,462
6. 2005	X X X	X X X	X X X	X X X	76,397

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	3,104	28	1		
2. 2001	60,403	3,444	17	2	1
3. 2002	X X X	68,164	3,253	13	2
4. 2003	X X X	X X X	73,147	3,428	19
5. 2004	X X X	X X X	X X X	76,245	3,518
6. 2005	X X X	X X X	X X X	X X X	80,822

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3 / 2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5 / 1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9 / 1) Percent
1. 2001	70,278	59,973			59,973	85.337			59,973	85.337
2. 2002	78,181	67,408			67,408	86.220			67,408	86.220
3. 2003	85,133	72,766			72,766	85.473			72,766	85.473
4. 2004	88,889	75,748	206	0.272	75,954	85.448	56	3	76,013	85.515
5. 2005	96,959	76,397			76,397	78.793	4,425	225	81,047	83.589

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
1. Unearned premium reserves												
2. Additional policy reserves (a)												
3. Reserve for future contingent benefits												
4. Reserve for rate credits or experience rating refunds (including \$ 0 ) for investment income												
5. Aggregate write-ins for other policy reserves												
6. Totals (gross)												
7. Reinsurance ceded												
8. Total (Net) (Page 3, Line 4)												
9. Present value of amounts not yet due on claims												
10. Reserve for future contingent benefits												
11. Aggregate write-ins for other claim reserves												
12. Totals (gross)												
13. Reinsurance ceded												
14. Total (Net) (Page 3, Line 7)												

NONE

DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page												
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)												
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page												
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)												

(a) Includes \$ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3  General Administrative Expenses	4  Investment Expenses	5  Total
	1  Cost Containment Expenses	2  Other Claim Adjustment Expenses			
1. Rent (\$ 0 for occupancy of own building)		290,673	336,289		626,962
2. Salaries, wages and other benefits	831,859	3,280,349	4,278,720		8,390,928
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			1,416,597		1,416,597
4. Legal fees and expenses			178,515		178,515
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	88,208	121,961	272,524		482,693
7. Traveling expenses	6,459	2,737	154,807		164,003
8. Marketing and advertising			425,764		425,764
9. Postage, express and telephone	3,960	332,219	77,624		413,803
10. Printing and office supplies		83,383	183,685		267,068
11. Occupancy, depreciation and amortization			503,103		503,103
12. Equipment		546,914			546,914
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services		668,012	26,667		694,679
15. Boards, bureaus and association fees	4,487	21,715	518,710		544,912
16. Insurance, except on real estate			176,647		176,647
17. Collection and bank service charges			228,248	43,582	271,830
18. Group service and administration fees					
19. Reimbursements by uninsured accident and health plans	(287,204)	(1,550,908)	(2,126,565)		(3,964,677)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes					
23.3 Regulator authority licenses and fees	871		12,568		13,439
23.4 Payroll taxes	13,117		219,428		232,545
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	2,675	1,893	143,655		148,223
26. Total expenses incurred (Lines 1 to 25)	664,432	3,798,948	7,026,986	43,582 (a)	11,533,948
27. Less expenses unpaid December 31, current year		228,241	3,731,926		3,960,167
28. Add expenses unpaid December 31, prior year		205,768	3,502,581		3,708,349
29. Amounts receivable relating to uninsured accident and health plans, prior year					
30. Amounts receivable relating to uninsured accident and health plans, current year					
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	664,432	3,776,475	6,797,641	43,582	11,282,130

DETAILS OF WRITE-INS					
2501. FAS 106			59,163		59,163
2502. NET OTHER EXPENSES	2,675	1,893	84,492		89,060
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Lines 2501 through 2503 + 2598) (Line 25 above)	2,675	1,893	143,655		148,223

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 454,869	504,262
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,255,084	1,132,476
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		12,075
2.21 Common stocks of affiliates	12,075	12,075
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 228,171	228,171
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		39,831
10. Total gross investment income	1,950,199	1,916,815
11. Investment expenses		(g) 43,582
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		140,296
16. Total deductions (Lines 11 through 15)		183,878
17. Net investment income (Line 10 minus Line 16)		1,732,937
DETAILS OF WRITE-INS		
0901. NET INTEREST INCOME FROM SUBSIDIARIES		13,475
0902. OTHER INCOME		26,356
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)		39,831
1501. BANK SERVICE CHARGES - BANK OF AMERICA		140,296
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		140,296
(a) Includes \$ 6,179 accrual of discount less \$ 227,235 amortization of premium and less \$ 51,471 paid for accrued interest on purchases.		
(b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.		
(c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.		
(e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.		
(g) Includes \$ 43,582 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.		
(i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1. U.S. Government bonds				
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)	12,642			12,642
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)	(10,875)			(10,875)
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)	(21,313)			(21,313)
10. Total capital gains (losses)	(19,546)			(19,546)
DETAILS OF WRITE-INS				
0901. LOSS ON DISPOSAL OF FIXED ASSETS	(21,313)			(21,313)
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	(21,313)			(21,313)



EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants ( for Title insurers only )			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans	56,312	56,312	
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset			
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software	152,006	199,095	47,089
19. Furniture and equipment, including health care delivery assets	287,763	186,387	(101,376)
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates	4,438,392	4,268,740	(169,652)
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	699,838	693,580	(6,258)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	5,634,311	5,404,114	(230,197)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	5,634,311	5,404,114	(230,197)

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. PREPAID EXPENSES	699,838	693,580	(6,258)
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	699,838	693,580	(6,258)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations	308,284	319,420	319,677	322,152	322,989	3,852,307
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. Total	308,284	319,420	319,677	322,152	322,989	3,852,307

DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)						

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **(A) Basis of Presentation**

The Annual Statement of Delta Dental of Rhode Island for the year ended December 31, 2005 has been completed in accordance with NAIC *Annual Statement Instructions* and the *Accounting Practices and Procedures* manual. Management is not aware of any deviations from this NAIC guidance, as it relates to the 2005 and 2004 financial information contained in this annual statement.

#### **(B) Use of Estimates in the Preparation of the Financial Statements**

The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **(C) Accounting Policies**

##### **Bonds**

Bond investments are stated at amortized cost and consist of United States Treasury and government agency securities as well as "Investment Grade" corporate notes with fixed rates and maturities. Interest income is accrued as earned. The Company has both the intent and ability to hold these securities until maturity and, accordingly, has categorized these investments as "held-to-maturity" securities. As a result, unrealized gains and losses are excluded from net income.

##### **Common Stocks - - Investments in Subsidiaries**

The accompanying financial statements of Delta Dental of Rhode Island include the common stock investments of its wholly owned subsidiaries: Park Row Associates, Altus Realty Company and The Altus Group, Inc. The values of these investments are reported using the equity method.

The income and expenses of Park Row Associates, Altus Realty Company and The Altus Group, Inc. are combined such that the net change for the year is reported as "Net unrealized capital gains and losses" on line 36 in the Statement of Revenues and Expenses.

During 2004, the Company contracted with an independent investment advisor to separately manage a portion of the Company's investment portfolio. As a result of this arrangement, common stocks of nonaffiliated companies were added to the Company's investment portfolio in 2004. These common stocks are valued at market as they are categorized as "available-for-sale" securities.

##### **Claims and Claims Adjudication Expenses**

The estimated liability for claims incurred but unpaid is actuarially determined based on an analysis of historical claims experience, modified for changes in enrollment, inflation and benefit coverage. The estimated liability for accrued claims adjudication expense represents the anticipated cost of processing claims incurred but unpaid at the balance sheet date. The estimates for claims and claims adjudication expenses may be more or less than the amount ultimately paid. Such changes in estimates are reflected in current period operations.

### NOTE 2 - - ACCOUNTING CHANGES AND CORRECTION OF ERRORS

The financial statements included in this filing do not contain any items that resulted from corrections of errors. Beginning with the December 31, 2001 annual filing the Company implemented the Codification of the NAIC Accounting Practices and Procedures Manual. This included the adoption of the Statement on Statutory Accounting Principles (SSAP) # 47 "Uninsured Plans".

SSAP 47 requires the exclusion of uninsured plan business for both premiums earned and claims

## NOTES TO FINANCIAL STATEMENTS

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incurred in the Statement of Revenues and Expenses. The Company has identified its Administrative Service Business (ASC), where the account, not Delta Dental of Rhode Island, has assumed the overall risk for the claims incurred and removed these components from both premiums earned and claims incurred in these 2005 and 2004 financial statements and the associated supporting exhibits. The administrative expenses reimbursed from ASC business is reported as "reimbursements by uninsured accident and health plans" in the Underwriting and Investment Exhibit Part 3 - Analysis of Expenses.

### NOTE 3 - - BUSINESS COMBINATIONS AND GOODWILL

During the year the Company had no business combinations, direct purchases or mergers with other companies.

### NOTE 4 - - DISCONTINUED OPERATIONS

During the year the Company's financial results include no gains or losses from discontinued operations.

### NOTE 5 - - INVESTMENTS

The Company's bond and common stock investments described in Note 1 represent all of the Company's statutory recorded investments as of December 31, 2005 and 2004. Accordingly, the Company maintains no investments in the following categories:

- Mortgage loans
- Debt restructuring issues
- Reverse Mortgages
- Loan Backed Securities
- Repurchase Agreements

### NOTE 6 - - JOINT VENTURES, PARTNERSHIPS and LIMITED LIABILITY COMPANIES

During 2005 and 2004 the Company did not participate in any joint ventures, partnerships or LLCs.

### NOTE 7 - - INVESTMENT INCOME

Interest income is accrued as earned. At December 31, 2005, the Company had no income due or accrued that it considered a nonadmitted asset, as collection on accrued interest is reasonably assured for all Company investments.

### NOTE 8 - - DERIVATIVE INSTRUMENTS

As disclosed in Note 1 above, all investments consist of United States government and government agency securities, corporate notes with fixed rates and maturities, common stocks and three investments in wholly owned subsidiaries.

In 2002, the Company and one of its wholly owned subsidiaries, Altus Realty Company, joint and severally entered into an interest rate swap agreement with Fleet Bank (now Bank of America) relating to the financing of the purchase of the Company's office facilities at 10 Charles Street in Providence, RI. Altus Realty's financial results are accounted for under the equity method in this filing and include the effect of recording the fair value of this interest rate swap as a liability as of December 31, 2005 in the amount of \$336,501.

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## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9 - - FEDERAL INCOME TAXES

Delta Dental of Rhode Island is a not-for-profit corporation pursuant to Section 501(C)(4) of the Internal Revenue Code (IRC) and is exempt from federal income taxes under Section 501(a) of the IRC and, accordingly, no provision for income taxes has been made in the accompanying statutory financial statements. Altus Realty Company is also a not-for-profit real estate holding corporation under to Section 501(C)(2) of the IRC, and as such has made no provision for income taxes.

Park Row Associates and The Altus Group, Inc., the Company's other wholly owned subsidiaries, are for profit corporations. The Altus Group, Inc., and its subsidiaries Altus Dental, Altus Systems and Altus Dental Insurance Company file consolidated federal and state tax returns. These filings have resulted in minimal taxes due resulting from accumulated consolidated losses. Park Row Associates files federal and state taxes on its own, and has reported taxable income. Accordingly, federal and state taxes of \$258,000 and \$254,000 have been recorded for the years ended December 31, 2005 and 2004.

### NOTE 10 - - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

Park Row Associates is a wholly owned subsidiary of the Company and provides brokerage and consulting services to employers for health insurance products. For the years ended December 31, 2005 and 2004, respectively, this subsidiary generated approximately \$1,054,000 and \$1,264,000 of fees and commissions, and net income of \$239,000 and \$402,000 during the same two-year period.

Altus Realty Company, a wholly owned subsidiary of the Company, is a non-profit real estate holding Company that holds title to and manages the building at 10 Charles Street in Providence, RI. The Company (Delta Dental of RI) presently rents approximately one half of the existing space within this building. This entity reported revenues of \$1,552,000 and net income of \$5,000 during 2004, and then revenues of \$1,604,000 and net income of \$84,000 for the year ended December 31, 2005.

The Altus Group, Inc. is a wholly owned subsidiary of the Company and was established as a for-profit entity in 1999 for the purpose of expanding the Company's offering of prepaid dental care coverage and other third party administration services. For the years ended December 31, 2005 and 2004, after elimination of intercompany transactions, The Altus Group, Inc., generated a loss of \$133,000 and net income of \$2,000.

At December 31, 2005 and 2004 the Company has intercompany receivables from the Altus Group, Inc. and other subsidiaries. These balances resulted from advances that were provided to fund operating expenses of both the Altus Group, Inc. and its subsidiaries, as well as cash flow needs of Altus Realty. The Company charges interest on unpaid advanced funds. For Statutory filing purposes the intercompany receivable balances from Altus Dental, Inc., The Altus Group and Altus Realty are considered non-admitted assets. These subsidiary entities, which are in a start up phase, do not currently possess the necessary liquidity to repay these receivables within 90 days, and are therefore treated as nonadmitted assets in accordance with SSAP #25.

Management's cash flow projections for The Altus Group, Inc. and its subsidiaries are made based on a number of factors, which affect the changes in the receivable balances over the period of time being analyzed. The most significant factors include: the relative and absolute growth in enrollment levels for the Company and Altus Dental Insurance Company, Inc, a wholly owned subsidiary of the Altus Group, Inc.; the amount and rate of increase in operating and administrative expenses; the level of success Altus Dental, Inc. experiences in developing and maintaining its dental network; and the level of resources required by Altus Dental, Inc. for recruitment and marketing functions. Management's current cash flow projections for The Altus Group, Inc. and its subsidiaries projects profitability to begin in 2007 and that the intercompany

NOTES TO FINANCIAL STATEMENTS

advances will begin to be reduced at that time.

NOTE 11 - - DEBT

During the year the Company had no outstanding capital notes or any debt arrangements. As described in Note 8 - - DERIVATIVE INSTRUMENTS above, the Company and one of its wholly owned subsidiaries, Altus Realty Company, jointly and severally entered into an interest rate swap agreement with Fleet Bank (now Bank of America) relating to the financing of the purchase of the Company’s office facilities at 10 Charles Street in Providence, RI. This instrument and the related debt on the building are recorded on the balance sheet of Altus Realty Company.

NOTE 12 - - EMPLOYEE RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFIT PLANS

A. Defined Contribution Retirement Plan

The Company maintains a noncontributory, defined contribution retirement plan. The plan covers all full time employees who are 21 years of age and have completed six months of service to the Company.

Employees qualify for benefits upon normal retirement at age 65, or early retirement, which is met upon reaching age 60 and completion of five years of service. Vesting of contributions (made on behalf of each employee) begins at 20% after two years of service and increases 20% annually until full vesting occurs after six years of service. The Company's contributions to this plan, representing its full funding requirements were \$542,000 and \$553,000 for 2005 and 2004.

B. Deferred Compensation Plans

Effective January 1, 1997, the Company established a 401(K) plan. Plan entry and vesting of employer contributions are the same as the defined contribution retirement plan described above. The Company’s contributions to this plan were \$164,000 and \$148,000 for 2005 and 2004.

In 2004, the Company established 457(b) Plan for providing deferred compensation for a select group of management. The Company’s contributions to this plan were \$14,000 and \$13,000 for 2005 and 2004.

C. Postretirement Benefit Plans

The Company provides postretirement health care and dental benefits covering members of the Board of Directors who had served three full terms (9 years) as of April 1994. Company payments for these benefits totaled \$97,000 and \$88,000 in 2005 and 2004, respectively.

In 1990, Statement of Financial Accounting Standards No. 106 (SFAS 106), "Employers' Accounting for Postretirement Benefits Other Than Pensions" was issued. This Standard requires benefits to be accrued over the employee service period until the employee becomes fully eligible to receive benefits.

The Company adopted SFAS 106 in 1995 for its plans. The effect of the adoption was to increase 2005 and 2004 expense by \$59,000 and 98,000, respectively.

The following table sets forth the actuarial present value of benefit obligations and funded status at December 31, 2005 for the Company's plans:

Accumulated postretirement benefit obligation	\$1,136,000
Fair Value of plan assets	<u>-</u>

NOTES TO FINANCIAL STATEMENTS

Funded status	<u>(1,136,000)</u>
Accrued postretirement benefit recognized on the balance sheet	\$ <u>905,000</u>

The trend assumptions used in determining the accumulated postretirement benefit obligation were 10% grading down to 6% in year three and later for health benefits and 8% grading down to 4% in year five and later for dental benefits. That assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed trend in each case by 1% per year would increase the accumulated postretirement benefit obligation as of December 31, 2005 by \$42,000 and the service and interest cost components of net periodic postretirement benefit cost for the year then ended by \$2,900.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 6% in 2005 and 2004. The Company has elected to amortize the transition obligation over 20 years using the straight-line method. Net expense for the retiree health care and dental plans for 2005 included the following components:

Net periodic cost	\$59,000
Benefits paid	\$97,000

NOTE 13 - - CAPITAL AND SURPLUS

Delta Dental of Rhode Island is a not-for-profit corporation; accordingly the Company has no shares of stock outstanding. The Company has no dividend restrictions, and has not been involved in any quasi-reorganization.

NOTE 14 - - CONTINGENT LIABILITIES

The Company has entered into employment contracts with certain key employees. These employment contracts vary in length, with agreements into 2008. At December 31, 2005, the Company's total commitment under these employment contracts approximated \$2,053,000.

There are no contingent liabilities arising from litigation which would be considered material in relation to the Company's financial position. Accordingly, the Company has committed no reserves to cover any contingent liabilities.

For matters regarding pending litigation as of December 31, 2005, the Company's litigation with one of its competitors was resolved and dismissed during the year. The company is not involved in any other legal proceedings.

The Company has issued an unlimited parental guaranty, dated September 15, 2000, on behalf of Altus Dental Insurance Company, Inc., a subsidiary of The Altus Group Inc. The guaranty states that any and all claims and obligations of Altus Dental Insurance Company, Inc. to its subscribers and policyholders will be funded and satisfied by the Company in the event of any inability of Altus Dental Insurance Company, Inc. to satisfy such claims and obligations.

This guaranty became effective in September 2002 as Altus Dental Insurance Company, Inc. began underwriting dental insurance in the Commonwealth of Massachusetts at that time.

NOTE 15 - - LEASES

The Company maintains a lease obligation for all its office space through its subsidiary Altus Realty Company. The current office lease commenced in April 2003 and runs through 2008. The

## NOTES TO FINANCIAL STATEMENTS

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lease obligation resulted in rent expense for the year ended December 31, 2005 of \$626,000. For the years ended 2006 through 2007 rent expense is projected at \$626,000 annually.

### NOTE 16 - - INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company maintains no financial instruments with off-balance sheet risk or any financial instruments with concentrations of credit risk.

### NOTE 17 - - SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS

The Company has no transactions relating to transfers of receivables reported as sales, transfer and servicing of financial assets or wash sales.

### NOTE 18 - - GAIN OR LOSS FROM UNINSURED ACCIDENT & HEALTH PLANS

The Company's policy regarding underwriting and pricing for uninsured or partially insured accident and health plans has been to determine that the administrative premium charged to each account covers all incremental costs (directly associated with servicing the specific account) plus a share of fixed and variable operating expenses to be incurred by the Company during the contract period.

As discussed in Note 2, for the December 31, 2001 annual filing the Company implemented the Statement on Statutory Accounting Principles (SSAP) # 47 "Uninsured Plans". The Company's 2005 and 2004 financial operations exclude approximately \$51,000,000 and \$59,000,000 of revenues from such plans and there are no significant gains or losses related to such transactions.

### NOTE 19 - - DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS

The Company maintains no relationships with managing general agents or third party administrators. The Company does utilize in-house sales efforts, as well as independent brokers to market its products. Premiums earned are reported gross of brokers' commissions of approximately \$1,417,000 and \$1,308,000 for the years ended December 31, 2005 and 2004.

### NOTE 20 - - SEPTEMBER 11 EVENTS and OTHER DISCLOSURES

The Company's business activities were not affected by the events of September 11, 2001. Accordingly, the Company incurred no losses relating to this event. Management is of the opinion that the Company maintains no related risks, uncertainties or other disclosures under SSAP No. 1 Disclosure of Accounting Policies or AICPA SOP 96-1 Environmental Remediation Liabilities that would require disclosure in this annual statutory filing.

### NOTE 21 - - OTHER ITEMS

The Company has no extraordinary items, troubled debt restructuring or other required disclosures of unusual items. Additionally, the Company has no additional disclosure requirements regarding Retirement Plans, Deferred Compensation and Postretirement Benefits other than the disclosures made in Note 12 above.

### NOTE 22 - - EVENTS SUBSEQUENT



## NOTES TO FINANCIAL STATEMENTS

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The Company is not aware of any events subsequent to December 31, 2005 that would warrant disclosure in these 2005 statutory financial statements.

### NOTE 23 - - REINSURANCE

The Company utilizes no reinsurance arrangements in its underwriting of dental premiums to companies headquartered in the State of Rhode Island.

### NOTE 24 - - RETROSPECTIVELY RATED CONTRACTS

The amount of net premiums written by the Company that are subject to retrospective rating or are contingent premiums (based on actual claims incurred) is approximately \$27,800,000 and \$24,900,000 for the years ended December 31, 2005 and 2004.

### NOTE 25 - - CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

As reported in the Underwriting and Investment Exhibit Part 2b - "Analysis of claims unpaid - prior year" reserves for incurred claims attributable to insured events of prior years has decreased by \$479,000 from \$4,019,000 at the beginning of the current year as a result of reestimation of unpaid claims. This favorable decrease is the result of an ongoing analysis of paid claims and recent loss development trends.

### NOTE 26 - - INTERCOMPANY POOLING ARRANGEMENTS

The Company utilizes no intercompany pooling arrangements in its dental premium underwriting.

### NOTE 27 - - STRUCTURED SETTLEMENTS

As documented in the NAIC Annual Statement filing instructions for 2004, this footnote is not applicable to health insurance insurers.

### NOTE 28 - - HEALTH CARE RECEIVABLES

The Company has no receivables that would be considered Health Care Receivables under SSAP #84. Accordingly, pharmacy rebates and risk sharing receivables are not currently applicable to the Company's operations.

### NOTE 29 - - PARTICIPATING POLICIES

The Company does not underwrite any business that would result in group accident or health participating policies. Accordingly, policy dividends are not applicable to the Company's operations.

### NOTE 30 - - PREMIUM DEFICIENCY RESERVES

The Company does not maintain any amount of premium deficiency reserves.

### NOTE 31 - - ANTICIPATED SALVAGE AND SUBROGATION

NOTES TO FINANCIAL STATEMENTS

The Company’s liability for unpaid claims is actuarially determined based on an analysis of historical claims experience, modified for changes in enrollment, inflation and benefit coverage. This liability reflects no reductions for salvage and subrogation recoveries, which are recorded in the year of receipt.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies	14,560,095	30.918	14,560,095	30.918
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA				
1.512 Issued or guaranteed by FNMA and FHLMC				
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage- backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	18,951,162	40.242	18,951,162	40.242
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated	1,412,428	2.999	1,412,428	2.999
3.4 Other equity securities:				
3.41 Affiliated	3,335,260	7.082	3,335,260	7.082
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	8,834,139	18.759	8,834,139	18.759
9. Other invested assets				
10. Total invested assets	47,093,084	100.000	47,093,084	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [ X ]    No [   ]

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [ X ]    No [   ]    N/A [   ]

1.3

State Regulating?

RI

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [ X ]    No [   ]

2.2

If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

04/26/2005

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2002

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2002

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

09/15/2004

3.4

By what department or departments?  
INSURANCE DIVISION, DEPARTMENT OF BUSINESS REGULATION, STATE OF RHODE ISLAND

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [   ]    No [ X ]

4.12

renewals?

Yes [   ]    No [ X ]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes [   ]    No [ X ]

4.22

renewals?

Yes [   ]    No [ X ]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [   ]    No [ X ]

5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [   ]    No [ X ]

6.2

If yes, give full information

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [   ]    No [ X ]

7.2

If yes,

7.21

State the percentage of foreign control

0 %

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [   ]    No [ X ]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [   ]    No [ X ]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG  
PROVIDENCE, RI 02903

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
KPMG  
PROVIDENCE, RI 02903

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [ ] No [X]

11.11 Name of real estate holding company

11.12 Number of parcels involved

11.13 Total book/adjusted carrying value

\$

11.2 If yes, provide explanation

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [ ] No [X]

12.3 Have there been any changes made to any of the trust indentures during the year?

Yes [ ] No [X]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [ ] No [X] N/A [ ]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No [ ]

14. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No [ ]

15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X] No [ ]

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers

16.12 To stockholders not officers

16.13 Trustees, supreme or grand (Fraternal only)

\$

\$

\$

16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers

16.22 To stockholders not officers

16.23 Trustees, supreme or grand (Fraternal only)

\$

\$

\$

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [ ] No [X]

17.2 If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others

17.22 Borrowed from others

17.23 Leased from others

17.24 Other

\$

\$

\$

\$

18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [ ] No [X]

18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment

\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

18.22 Amount paid as expenses

18.23 Other amounts paid

\$

\$

19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [ X ] No [ ]

19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes [ X ] No [ ]

20.2 If no, give full and complete information, relating thereto

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1).

Yes [ ] No [ X ]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others

21.22 Subject to repurchase agreements

21.23 Subject to reverse repurchase agreements

21.24 Subject to dollar repurchase agreements

21.25 Subject to reverse dollar repurchase agreements

21.26 Pledged as collateral

21.27 Placed under option agreements

21.28 Letter stock or securities restricted as to sale

21.29 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

21.3 For category (21.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [ ] No [ X ]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [ ] No [ ] N/A [ X ]

If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [ ] No [ X ]

23.2 If yes, state the amount thereof at December 31 of the current year.

\$

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes [ X ] No [ ]

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
CITIZENS BANK	ONE CITIZENS PLAZA PROVIDENCE, RI 02903

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes [ ] No [ X ]

24.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [X]

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999	Total	

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	33,511,257	33,068,562	(442,695)
26.2 Preferred stocks			
26.3 Totals	33,511,257	33,068,562	(442,695)

26.4 Describe the sources or methods utilized in determining the fair values:  
THE REPORTED DECEMBER 31, FAIR VALUES OF SECURITIES WERE OBTAINED FROM BANK STATEMENTS FROM  
THE COMPANY'S CUSTODIAN BANKS.

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securittes Valuation Office been followed? Yes [X] No [ ]

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 380,854

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
DDPA	\$ 192,536
DELTAUSA	\$ 188,318
	\$

29.1 Amount of payments for legal expenses, if any? \$ 175,173

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
BLISH & CAVANAGH	\$ 160,122
MISC.	\$ 15,051
	\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 70,435
- 30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
TRION COMMUNICATIONS	\$ 59,910
MISC.	\$ 10,525
	\$
	\$



GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

1.2 If yes, indicate premium earned on U.S. business only.

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

1.31 Reason for excluding

YES [ ] NO [ X ]

\$

\$

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

1.62 Total incurred claims

1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned

1.65 Total incurred claims

1.66 Number of covered lives

1.7 Group policies:

Most current three years:

1.71 Total premium earned

1.72 Total incurred claims

1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned

1.75 Total incurred claims

1.76 Number of covered lives

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

2. Health Test:

1

2

Current Year

Prior Year

2.1 Premium Numerator

\$ 96,630,306

\$ 88,889,454

2.2 Premium Denominator

\$ 96,630,306

\$ 88,889,454

2.3 Premium Ratio (2.1/2.2)

1.00

1.00

2.4 Reserve Numerator

\$ 4,480,616

\$ 4,019,261

2.5 Reserve Denominator

\$ 4,480,616

\$ 4,019,261

2.6 Reserve Ratio (2.4/2.5)

1.00

1.00

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

3.2 If yes, give particulars:

YES [ ] NO [ X ]

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

5.1 Does the reporting entity have stop-loss reinsurance?

5.2 If no, explain:

YES [ X ] NO [ ]

YES [ ] NO [ X ]

YES [ ] NO [ X ]

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

5.32 Medical Only

5.33 Medicare Supplement

5.34 Dental

5.35 Other Limited Benefit Plan

5.36 Other

\$

\$

\$

\$ 2,500

\$

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

7.2 If no, give details

YES [ X ] NO [ ]

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

8.2 Number of providers at end of reporting year

534

531

9.1 Does the reporting entity have business subject to premium rate guarantees?

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

YES [ X ] NO [ ]

44,841,000

13,492,000

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

YES [ ] NO [ X ]

10.2 If yes:

10.21 Maximum amount payable bonuses

10.22 Amount actually paid for year bonuses

10.23 Maximum amount payable withholds

10.24 Amount actually paid for year withholds

\$

\$

\$

\$

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or,

11.14 A Mixed Model (combination of above)?

YES [ ] NO [ X ]

YES [ ] NO [ X ]

YES [ ] NO [ X ]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

YES [ X ] NO [ ]

11.3 If yes, show the name of the state requiring such net worth.

RHODE ISLAND

11.4 If yes, show the amount required.

\$ 3,712,102

11.5 Is this amount included as part of contingency reserve in stockholder's equity?

YES [ ] NO [ X ]

11.6 If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area		
RHODE ISLAND		

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2005	2004	2003	2002	2001
<b>BALANCE SHEET</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	53,483,171	48,585,734	43,023,656	42,185,780	39,863,091
2. Total liabilities (Page 3, Line 22)	12,341,298	11,926,590	10,422,100	8,965,139	7,724,832
3. Statutory surplus	8,475,361	8,538,887	8,804,186	9,805,281	10,433,103
4. Total capital and surplus (Page 3, Line 31)	41,141,873	36,659,144	32,601,556	33,220,641	32,138,259
<b>INCOME STATEMENT</b> (Page 4)					
5. Total revenues (Line 8)	96,630,306	88,889,454	85,132,570	78,180,751	70,187,161
6. Total medical and hospital expenses (Line 18)	80,342,145	75,891,474	72,343,154	67,802,900	59,734,214
7. Claims adjustment expenses (Line 20)	4,463,381	4,093,433			
8. Total administrative expenses (Line 21)	7,026,986	5,963,549	6,838,959	6,460,536	5,721,618
9. Net underwriting gain (loss) (Line 24)	4,797,794	2,940,998	1,926,730	(80,741)	1,114,875
10. Net investment gain (loss) (Line 27)	1,713,391	1,760,200	1,809,864	2,077,300	1,890,310
11. Total other income (Lines 28 plus 29)	(1,500,000)				
12. Net income or (loss) (Line 32)	5,002,585	4,701,198	3,760,067	1,996,559	3,005,185
<b>RISK-BASED CAPITAL ANALYSIS</b>					
13. Total adjusted capital	41,141,873	36,659,144	32,601,556	33,220,641	32,138,259
14. Authorized control level risk-based capital	3,712,102	3,649,772	3,374,852	3,318,364	2,182,327
<b>ENROLLMENT</b> (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	322,989	308,284	312,602	301,269	277,487
16. Total members months (Column 6, Line 7)	3,852,307	3,681,670	3,711,035	3,541,401	3,305,377
<b>OPERATING PERCENTAGE</b> (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Line 18 plus Line 19)	83.1	85.4	85.0	86.7	85.1
19. Cost containment expenses	0.7	0.7	X X X	X X X	X X X
20. Other claims adjustment expenses	3.9	4.0			
21. Total underwriting deductions (Line 23)	95.0	96.7	97.7	100.1	98.4
22. Total underwriting gain (loss) (Line 24)	5.0	3.3	2.3	(0.1)	1.6
<b>UNPAID CLAIMS ANALYSIS</b> (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	3,540,300	3,442,518	3,261,350	3,472,365	3,104,187
24. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	4,019,261	3,796,376	4,074,352	3,833,721	3,772,553
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	3,335,260	3,666,791	4,186,090	5,449,485	4,321,007
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated	4,493,266	4,303,594	3,901,663	1,951,192	788,303
31. Total of above Lines 25 to 30	7,828,526	7,970,385	8,087,753	7,400,677	5,109,310

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
<b>BONDS</b>  Governments (Including all obligations guaranteed by governments)	1. United States .....	14,560,095	14,274,102	14,550,513	14,575,000
	2. Canada .....				
	3. Other Countries .....				
	4. Totals	14,560,095	14,274,102	14,550,513	14,575,000
States, Territories and Possessions (Direct and guaranteed)	5. United States .....				
	6. Canada .....				
	7. Other Countries .....				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....				
	14. Canada .....				
	15. Other Countries .....				
	16. Totals				
Public Utilities (unaffiliated)	17. United States .....				
	18. Canada .....				
	19. Other Countries .....				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....	18,951,162	18,794,460	19,353,393	18,658,000
	22. Canada .....				
	23. Other Countries .....				
	24. Totals	18,951,162	18,794,460	19,353,393	18,658,000
Parent, Subsidiaries and Affiliates	25. Totals				
	<b>26. Total Bonds</b>	33,511,257	33,068,562	33,903,906	33,233,000
<b>PREFERRED STOCKS</b>  Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	<b>40. Total Preferred Stocks</b>				
<b>COMMON STOCKS</b>  Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries .....				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries .....				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States .....	1,412,428	1,412,428	1,356,544	
	50. Canada .....				
	51. Other Countries .....				
	52. Totals	1,412,428	1,412,428	1,356,544	
Parent, Subsidiaries and Affiliates	53. Totals	3,335,260	3,335,260		
	<b>54. Total Common Stocks</b>	4,747,688	4,747,688	1,356,544	
	55. Total Stocks	4,747,688	4,747,688	1,356,544	
	56. Total Bonds and Stocks	38,258,945	37,816,250	35,260,450	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year .....	41,394,519	7. Amortization of premium .....	220,959
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....	9,245,135	8. Foreign Exchange Adjustment:	
3. Accrual of discount .....		8.1 Column 15, Part 1 .....	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1 .....	
4.1 Columns 12 - 14, Part 1 .....	(97)	8.3 Column 16, Part 2, Section 2 .....	
4.2 Column 15 - 17, Part 2, Section 1 .....		8.4 Column 15, Part 4 .....	
4.3 Column 15, Part 2, Section 2 .....	(285,824)	9. Book/adjusted carrying value at end of current period .....	38,258,945
4.4 Column 11 - 13, Part 4 .....	(570)	10. Total valuation allowance .....	
5. Total gain (loss), Column 19, Part 4 .....	1,767	11. Subtotal (Lines 9 plus 10) .....	38,258,945
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....	11,875,026	12. Total nonadmitted amounts .....	
		13. Statement value of bonds and stocks, current period .....	38,258,945

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only					
					3	4	5	6	7	8
State, Etc.			Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/Casualty Premiums
1.	Alabama	AL	NO	NO						
2.	Alaska	AK	NO	NO						
3.	Arizona	AZ	NO	NO						
4.	Arkansas	AR	NO	NO						
5.	California	CA	NO	NO						
6.	Colorado	CO	NO	NO						
7.	Connecticut	CT	NO	NO						
8.	Delaware	DE	NO	NO						
9.	Dist. Columbia	DC	NO	NO						
10.	Florida	FL	NO	NO						
11.	Georgia	GA	NO	NO						
12.	Hawaii	HI	NO	NO						
13.	Idaho	ID	NO	NO						
14.	Illinois	IL	NO	NO						
15.	Indiana	IN	NO	NO						
16.	Iowa	IA	NO	NO						
17.	Kansas	KS	NO	NO						
18.	Kentucky	KY	NO	NO						
19.	Louisiana	LA	NO	NO						
20.	Maine	ME	NO	NO						
21.	Maryland	MD	NO	NO						
22.	Massachusetts	MA	NO	NO						
23.	Michigan	MI	NO	NO						
24.	Minnesota	MN	NO	NO						
25.	Mississippi	MS	NO	NO						
26.	Missouri	MO	NO	NO						
27.	Montana	MT	NO	NO						
28.	Nebraska	NE	NO	NO						
29.	Nevada	NV	NO	NO						
30.	New Hampshire	NH	NO	NO						
31.	New Jersey	NJ	NO	NO						
32.	New Mexico	NM	NO	NO						
33.	New York	NY	NO	NO						
34.	North Carolina	NC	NO	NO						
35.	North Dakota	ND	NO	NO						
36.	Ohio	OH	NO	NO						
37.	Oklahoma	OK	NO	NO						
38.	Oregon	OR	NO	NO						
39.	Pennsylvania	PA	NO	NO						
40.	Rhode Island	RI	NO	YES	96,630,306					
41.	South Carolina	SC	NO	NO						
42.	South Dakota	SD	NO	NO						
43.	Tennessee	TN	NO	NO						
44.	Texas	TX	NO	NO						
45.	Utah	UT	NO	NO						
46.	Vermont	VT	NO	NO						
47.	Virginia	VA	NO	NO						
48.	Washington	WA	NO	NO						
49.	West Virginia	WV	NO	NO						
50.	Wisconsin	WI	NO	NO						
51.	Wyoming	WY	NO	NO						
52.	American Samoa	AS	NO	NO						
53.	Guam	GU	NO	NO						
54.	Puerto Rico	PR	NO	NO						
55.	U.S. Virgin Islands	VI	NO	NO						
56.	Canada	CN	NO	NO						
57.	Aggregate other alien	OT	X X X	X X X						
58.	Subtotal		X X X	X X X	96,630,306					
59.	Reporting entity contributions for Employee Benefit Plans		X X X	X X X						
60.	Total (Direct Business)		X X X	(a) 1	96,630,306					

DETAILS OF WRITE-INS								
5701.			X X X	X X X				
5702.			X X X	X X X				
5703.			X X X	X X X				
5798.	Summary of remaining write-ins for Line 57 from overflow page		X X X	X X X				
5799.	Totals (Lines 5701 through 5703 plus 5798) (Line 57 above)		X X X	X X X				

Explanation of basis of allocation by states, premiums by state, etc.								

(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

1571	DELTA DENTAL OF RHODE ISLAND	55301	RI	05-0296998	DELTA DENTAL OF RHODE ISLAND
1571	DELTA DENTAL OF RHODE ISLAND	52632	RI	05-0153223	ALTUS DENTAL INSURANCE COMPANY, INC.

OVERFLOW PAGE FOR WRITE-INS